



HM Revenue
& Customs

Dear [.....]

Date: February 2024

Changes to reporting income from self-employment and partnerships

Our records show that your business **may** be affected by the new tax year basis for reporting trading profits subject to income tax (known as basis period reform).

This only applies to you if:

- you're self-employed or in a trading partnership
- your business accounting year does not end on a date between 31 March and 5 April

If these conditions apply you will need to change the way you complete your Self Assessment tax return for tax year 2023 to 2024, which is due by 31 January 2025. If these conditions do not apply, for example, your business year already ends on a date between 31 March and 5 April, then you will not need to do anything differently and you can ignore this letter.

What is changing

This measure changes the way trading income is allocated to tax years:

- for the tax year 2023 to 2024 (known as the 'transition year'), you will need to report profits for your normal accounting period **plus** any profits up to 5 April 2024 and to arrive at your profits you may need to apportion two sets of accounts
- this also means that you could pay tax on additional profits during this transition year
- to support you with these changes, you may be able to use Overlap Relief built up by your business, which can reduce the extra profits
- if you still have additional profits after your overlap relief, you can spread this over several years

Businesses can make accounts to any date in the year. Many businesses may find it easier to draw their accounts up to the tax year end from 2023 to 2024 onwards, making tax easier and simpler by not needing to use two sets of accounts for their Self Assessment tax returns.

What support is available if you're affected

For support in completing your return for the tax year 2023 to 2024 and to get ready for the changes, [go to GOV.UK and search for:](#)

- ['Get Help with basis period reform'](#) for HMRC's introductory YouTube video on basis period reform or if you want to attend a HMRC webinar
- ['Get your overlap relief figure'](#) to check if you qualify for overlap relief
- ['Work out your transition profit'](#) for HMRC's online tool to assist with your tax return calculations
- ['Changes to reporting income from self-employment and partnerships'](#) for further information

Yours sincerely,

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HMRC

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